- I. TITLE: Disaster Housing Rent Collection
- II. DATE: March 17, 2006

## III. PURPOSE:

To establish an interim policy for charging rent to applicants who continue to have a need for the temporary housing unit following the authorized 18-month period of assistance.

## IV. SCOPE AND AUDIENCE:

This interim policy is to be implemented in all disasters until superseded by, following further coordination, the final policy. All personnel are directed to follow this interim policy.

## V. AUTHORITY:

Section 408 (c)(1)(B)(iii) of the Stafford Act, as amended, and as further defined at 44 CFR 206.117 (b)(1)(ii)(F), authorizes FEMA to charge up to the fair market rent for a unit following the 18-month period of assistance.

## VI. POLICY:

- A. After the initial 18-month period of assistance expires, FEMA will initiate the rent collection process<sup>1</sup>. All applicants will be provided a 30-day notice of the requirement to pay rent for the FEMA unit. FEMA will establish the amount of rent to be paid by the occupant, including adjustments based on the applicant's financial situation. No applicant will be required to pay more than the fair market rate (FMR) for rent for the unit and/or site.
- B. For insured applicants with additional living expenses (ALE), rent collection will begin when leased or otherwise placed in the unit. Insured applicant's rent will be based on the amount of his or her ALE, not to exceed the established fair market rent established below<sup>2</sup>. Insured applicants with ALE will be treated as an uninsured applicant when he or she has exhausted his or her available insurance benefits for ALE.
  - C. When establishing the amount of rent, FEMA will:
    - 1. Establish a fair market rent amount for the unit and/or site.



- a. The fair market rent amount for a FEMA unit and site (commercial or group) will be based on the declared year of the disaster's Department of Housing and Urban Development FMR for rental resources in the county/parish where the unit is located<sup>3</sup>.
- (1) For Travel Trailers and Park Units the amount is at the published FMR for a 1 bedroom unit<sup>4</sup>.
- (2) For Mobile Homes the amount is at the published FMR for the number of bedrooms in the unit<sup>5</sup>.
- (3) If there is a requirement for two or more Travel Trailers and/or Park Units to accommodate the household, the amount is at the published FMR for the number of bedrooms required.
- b. The fair market rent amount for a FEMA unit on a private site will be 60 percent of the amount established in (1)(a)<sup>6</sup>.
  - 2. FEMA may adjust the amount of rent by using the following criteria:
- a. Establish the household's estimated yearly income. FEMA will estimate the applicant's income by using the applicant and co-applicant's weekly/bi-weekly net wage amount<sup>7</sup>.
- b. The income will be adjusted based on approved deductions, i.e. \$480 for each member of the household (excluding head of household/spouse) who is less than 18 years of age and \$400 for each elderly member of the household (65 years or older).8
- c. The adjusted income will be divided by twelve (12) to get the monthly adjusted income amount.
- d. The monthly adjusted income amount will be multiplied by 30% to determine the amount of rent to be paid by the applicant. If this amount is less than \$50, the applicant will be required to pay the FEMA minimum rent amount of \$50°.



- D. Applicants will be visited by a FEMA caseworker to complete the attached worksheet, and they will be sent a letter advising them that they are now required to make monthly rental payments for the FEMA provided unit. The applicant will be required to make rental payments as long as he/she occupies or is in possession of the FEMA unit. The applicant must continue to abide by the terms of the lease agreement and work towards a permanent housing plan. Noncompliance on the applicant's part will initiate the lease termination process.
- E. Once rent collection has been initiated, applicants will still be required to meet the criteria for continued assistance, and their continued eligibility will be re-evaluated at least every three months. If it is determined that the household's income is sufficient to obtain housing on the private market, and housing is available, FEMA will initiate the process of lease termination. All terminated lessees may apply to and, if qualified purchase the unit.
- F. An ineligible applicant who refuses to vacate a FEMA provided unit will be liable for the amount of rent at the FMR level until the unit is back in FEMA's possession. The appeal process does not negate collection of rent or the termination of lease actions.
- VII. ORIGINATING OFFICE: Recovery Division (Individual Assistance Branch)

VIII. REVIEW DATE: Six months from the date of publication.

David Carratt

Acting Director of Recovery

Federal Emergency Management Agency

<sup>&</sup>lt;sup>1</sup> FEMA may charge rent for units at the end of the eighteen month period of assistance as outlined in 44 CFR §206.117(b)(1)(ii)(F). Extensions of the Period of Assistance do not negate FEMA's ability to initiate rent collection.

<sup>&</sup>lt;sup>2</sup> 44 CFR Ch.1 §206.117(b)(1)(ii)(I), allows FEMA to provide units to applicants receiving ALE when adequate alternate housing is unavailable; however, when establishing rent, the amount cannot exceed available insurance benefits.

<sup>&</sup>lt;sup>3</sup> HUD includes the cost of the site (pad lease) as a part of HUD's Housing Assistance Payments (HAP) calculation. As such, FEMA units that are placed on commercial or group sites will be charged the full published FMR, which includes the cost of the site (pad lease).

<sup>&</sup>lt;sup>4</sup> FEMA will use the published 1-bedroom FMR for a travel trailer and park unit because most units have one bedroom.

<sup>&</sup>lt;sup>5</sup> The rent for a mobile home will be determined differently from a travel trailer and park unit because mobile homes can often have more than one bedroom. In order to treat each applicant fairly, rent is determined by the FMR for the number of bedrooms in the unit.

<sup>&</sup>lt;sup>6</sup> FEMA is using 60 percent to determine the rent amount for a FEMA unit on a private site because HUD's Housing Assistance Payments (HAP) calculations has determined that the space for a manufactured home is calculated as 40 percent of the published FMR. Units placed on a private site do not incur a rental expense for space, therefore, the FMR is reduced by 40 percent and the remaining 60 percent of the published FMR is used in the rent determination

<sup>&</sup>lt;sup>7</sup> FEMA will use the income of the applicant and co-applicant in the rent determination.

<sup>&</sup>lt;sup>8</sup> The amounts for FEMA allowable deductions are based on the dollar figures established by the U.S. Department of Housing and Urban Development's FACT SHEET "How Your Rent Is Determined" for Public Housing and Housing Choice Voucher Programs Office of Public and Indian Housing November, 2002.

<sup>&</sup>lt;sup>9</sup> FEMA is using 30 percent of the household monthly adjusted income based on the formula used by HUD in determining the Total Tenant Payment (TTP). HUD uses a minimum rent amount in the TTP formula, as such; FEMA established a \$50 amount to be used in the FEMA formula for the minimum rent.